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166

FOREIGN SERVICE DESPATCH

FROM: AMEMBASSY, GUATEMALA 415

TO: THE DEPARTMENT OF STATE, WASHINGTON. DATE: November 13, 1953

REF: F790001-1164

For Dept. Use Only	ACTION	DEPT.	Action Assigned to
	REC'D 11/16	OTHER	Action Taken

SUBJECT: Joint Weeka No. 46 for State, Army and Air Departments from S - Section I

Date of Action

SUMMARY

Action Office Symbol

Speculation about future Guatemalan-U.S. relations continued at a high pitch this week. The local press generally approved Ambassador Peurifoy's remark at an introductory meeting with reporters that he hoped to contribute to better relations, but differed sharply over his statement that the U.S. opposed Communist aggression wherever found which the Communist and leftist newspapers nervously took as proof he had come to interfere in Guatemala's domestic affairs. The Communist Tribuna Popular continued its vituperative campaign against the "Fruit Company Ambassador."

The Arbenz Administration meanwhile indirectly re-emphasized that it was not prepared to take steps against Communism. Its representative on the OAS voted against the U.S. proposal to include an item on Communist intervention in the hemisphere on the agenda of the forthcoming Tenth International Conference of American States at Caracas. Minister of the Interior Augusto CHARNAUD MacDonald stated in a press interview that there was no Communist problem here and that to suppress liberties "under the pretext of anti-Communism" would be undemocratic.

The Archbishop of Guatemala in an outspoken anti-Communist statement called for a "Crusade of Prayer" for the Roman Catholic Church in the Soviet orbit which he stated was undergoing worse persecution than the Church under the Roman Empire. This contrasted with the statements of a Guatemalan youth delegation returning from Moscow with the report that the Roman Catholic Church in the USSR was free and "accepted the spiritual leadership of Pope Pius XII."

INTERNATIONAL AFFAIRS

Speculation About U.S.-Guatemalan Relations Continues

Ambassador Peurifoy's statement at a gathering with the press on

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November 5 that he hoped to contribute to better U.S.-Guatemalan relations brought general approval from the Guatemalan press, but the leftist newspapers continued to see evidence that the U.S. was bent on "intervention" in Guatemalan Affairs. The independent press warmly endorsed the expression of hope for better relations, the Ambassador's statement that the U.S. opposed Communist aggression wherever it was found, and his remark that he saw a difference between genuine nationalism, which he respected, and Communism. The government's Diario de Centro América commented favorably on the Ambassador's hope for better relations but twisted his statement that U.S. Congressmen were influenced by what they read in newspapers, stating, "It pleased us that Mr. Peurifoy declared that many members of the U.S. Government are under the influence of propaganda against Guatemala."

Apropos of the Ambassador's remark that the U.S. opposed Communism, the Communist-line Nuestro Diario called him "a man with a warmongering mentality," the PRG's Diario del Pueblo said "the U.S. has not the slightest right to decide anything out of its territory;" and the Communist Tribuna Popular asked, "Can one ask for a more categorical confession that the government which Peurifoy comes to represent here interferes in the internal affairs of other countries?"

Guatemalan Vote Against U.S. Anti-Communist Motion in OAS: The Communist Tribuna Popular of November 12 approvingly reported on its front page that "in defense of Guatemalan Democracy, of the sovereignty and independence of Guatemala and all the Latin American countries, Guatemala yesterday voted against the Yankee proposal relative to including in the agenda of the next Inter-American Conference an item supposedly directed at countering the so-called 'intervention of Communism in the American Republics.'"

Guatemala Lays Ground For Possible Recognition of Venezuelan Government: Following persistent press reports that Guatemala was about to recognize "dictatorial" Latin American regimes, the Foreign Office on November 11 issued a bulletin stating that the maintenance or resumption of diplomatic relations "does not imply in any manner approval" of the government concerned. Independent newspapers interpreted this as an indication that the Foreign Office was seeking a formula with which to recognize the Venezuelan Government as a means of removing an obstacle to participation in the Tenth International Conference of American States scheduled to be held in Caracas next year. Guatemala has not yet announced whether she would attend, and it remains to be seen what its attitude will be in light of the proposal that Communist infiltration be discussed there.

Page 3 of
Desp. No. 415
From Guatemala

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(Classification)

Encl. No.
Desp. No.
From

F790001-1166

DOMESTIC AFFAIRS

Administration Re-emphasizes It Will Not Suppress Communism: In a statement of government policy towards Communism, Augusto Charnaud MacDonald, Minister of the Interior, answered an American reporter's question about Communist activities and infiltration by saying, "I can emphatically state that there is no problem such as the one suggested, neither concerning penetration nor dangerous internal activities. The Government of Guatemala is democratic...and a danger to democracy would consist of anti-democratic activities, such as restricting human rights and liberties under the pretext of combatting Communism." The interview granted to the Baltimore Sun was published locally on November 5.

Further outlining the Arbenz Administration's position, the government-owned Diario de Centro América of November 10 took the unusual step of running a page and a half article on Communism in Guatemala in which unnamed Guatemalan Communist leaders were quoted as refuting U.S. press charges that the Guatemalan Government was Communist influenced. They were quoted as saying that no Communist had ever been a member of the Cabinet and none held influential government jobs; that the party did not receive a subsidy from the government; that only five of the top leaders of the CGTG labor federation were Communists and none of the CNCG agricultural federation were; and that party membership in Guatemala was small, especially when compared to that in Cuba or Brazil. The article cited Guatemala's record in the UN and OAS and its attitude towards various international questions ranging from Tunisia to Korea as proof that the Guatemalan Revolution initiated in 1944 was merely democratic and anti-colonial.

Guatemalan Youth Delegates Return From Moscow: The Communist and leftist press reported that a Guatemalan youth delegation consisting of Ricardo MARTINEZ and five other members of the Alianza de la Juventud Democrática de Guatemala (AJDG) and Frente Universitario Democratico (FUD), both Communist-line organizations, returned on November 6 from a visit to the Soviet Union. The delegates were quoted by the Communist Tribuna Popular as describing the Soviet economy and culture in glowing terms and reporting a visit to a Roman Catholic Church in Moscow where they were told that the 2000 Roman Catholic Churches in the Soviet Catholic Church "accepted the spiritual leadership of Pope Pius XII."

Archbishop of Guatemala Attacks Communist Persecution of Religion: In what is probably his strongest anti-Communist statement to date, Msgr. Mariano ROSSELL y Arellano, Roman Catholic Archbishop of Guatemala, issued an exhortation to all members of his archdiocese to participate in a "Crusade of Prayer" on behalf of the Roman Catholic "Silent Church" which

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was gagged and persecuted by "Moscow's puppet governments." He cited the cases of Cardinals Mindszenty and Wyszynski and described the persecutions by the "Communist hordes" in the Soviet orbit as worse than those under the Roman Empire since the "enemies of mankind applied modern science to attempt to destroy men's eternal souls as well as their bodies." The exhortation was read from all pulpits on Sunday, November 8, and despite the Church's limited direct political influence in this anti-clerical country, the exhortation should make a solid contribution to the crystallization of the feeling, especially among women, that Communism is evil.

President of Congress Not to Attend Vienna Peace Congress: The local press reported that Guillermo Ovando ARRIOLA, President of Congress, would attend an agrarian meeting in Mexico at the end of November and would not attend the forthcoming Vienna Peace Congress, as previously reported by El Imparcial (Weeka 45).

FOR THE AMBASSADOR

William L. Krieg
Counselor of Embassy.

cc: C.A. Missions & routine.

AIR POUCH
PRIORITY

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(Security Classification)

167

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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY, GUATEMALA — 416 (DESP. NO.)

TO : THE DEPARTMENT OF STATE, WASHINGTON. — November 13, 1953. (DATE)

REF : --

F790001-1168

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	REC'D 11/16	F OTHER O SAMI-35, NAVY-39, A.F-24 OSD-4 CIA-2 ~~Woodward~~ Woodside 6

SUBJECT: WEEKA NO. 46 - ECONOMIC SECTION ~~ACTION ASSIGNED~~ A.E-5, IR-3, FFB-2

~~Action Taken~~ DOR-2 DOR-2 DC/R Central Files

SECTION II

Meetings of President Arbenz with Industrial Leaders

~~Date of Action~~ 11/16

~~Initial Office Symbol~~ IAD

President ARBENZ met with representatives of the tanning industry on November 11 to discuss with them possible ways in which the Guatemalan Government might assist in the further development of that industry. The tanners are reported to have proposed to the President that the Government eliminate import duties on raw materials used by their industry, request Congress to increase duties on imported leather goods, and restrict exports of untanned hides from the country.

This meeting was the first of a number which President Arbenz plans to hold with representatives of various industries, and it is believed that in general these industrialists will request greater tariff protection. The Government has on a number of occasions shown a strong sympathy for requests for increased protection, and has on a number of occasions acceded to them. The second meeting is scheduled to be held on November 13 when President Arbenz is to receive a group of manufacturers of metal goods.

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Loans by the National Agrarian Bank (BAN)

The National Agrarian Bank (BAN), which opened with much fanfare on October 20, made its first loans on November 7 when at a ceremony near Villa Nueva in the Department of Guatemala, the President of the Bank, Sr. Alfonso BAUER Paiz, delivered $45 to each of 34 recipients of land distributed under the Agrarian Reform Law. The loans are for periods of four and five months. This ceremony was given a pro-Communist flavor by the presence of Sres. Ernesto CAPUANO, Felicito CARANZA and Max SALAZAR, who are members

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of the Bank's board of directors and were appointed by the National Agrarian Department, the Communist-influenced rural workers confederation CNCG, and the Communist-dominated labor confederation CGTG.

Increased Tax on Beer

The Guatemalan Congress, which is faced with the necessity of finding new sources of revenue to finance its increasing budget, on November 12 enacted a law raising the taxes on beer by $0.02 per liter, thus making total taxes on that beverage $0.20 per liter. The original proposal had been to increase the tax by $0.14, but in the face of protests from the brewing industry which pointed out that its taxes had risen from $0.04 per liter in 1944 to the present level, and its sales had dropped from 120,000 hectoliters in 1947 to less than 100,000 last year, the Congress reduced the proposed tax increase.

For the Ambassador:

William L. Krieg
Counselor of Embassy

(Security Classification)

FOREIGN SERVICE DESPATCH

168

FROM : AMEMBASSY, GUATEMALA

TO : THE DEPARTMENT OF STATE, WASHINGTON. November 27, 1953

REF : F790004-1172

12-15-53 NO. 30

For Dept. Use Only	ACTION	DEPT.	
	RECD 12/3	OTHER	

SUBJECT: WEEKA NO. 48 - ECONOMIC SECTION

SECTION II

Minimum Price for Meat in Guatemala City

On November 21 the Minister of Economy and Labor attempted to increase the supply of meat and control its retail price by issuing a decree fixing the minimum price of 10 cents per pound for cattle on-the-hoof delivered at the slaughterhouse in Escuintla and maximum retail prices ranging from 18 to 30 cents for various cuts except steak, on which no maximum was set. This arrangement was not exactly what the Government would have preferred, nor has it been welcomed by any interested group. The Communist-sponsored cost-of-living conference held in Guatemala City in August 1953 recommended the reduction of meat prices and the placing of the distribution and sale of meat in the hands of the municipality. Sr. Roberto FANJUL, the Minister of Economy and Labor, last week in line with that recommendation proposed that the Municipality of Guatemala take over the distribution and sale of meat within the city, but the city fathers, after one glance at the mouth of that gift horse firmly rejected it, saying that the city had not the funds nor the trained staff to undertake such an operation. They were also probably quite aware that such a responsibility would be only a political liability.

Sr. Fanjul was thus forced to fall back on the decree solution described above. This solution has been criticized by the meat wholesalers, who state that it in effect raises their cost of meat since they must now pay 10 cents per pound for cattle as delivered to the Escuintla slaughterhouse, whereas previously the cattle was not weighed until it had passed 24 hours without food or water. Retailers in the public markets have claimed that they cannot make a profit by selling meat at fixed prices, while

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the Communist newspaper Tribuna Popular has asserted that the decree serves no purpose other than to fix legal meat prices at within one cent of the previously illegal price at which meat was sold.

Reduction of Minimum Price of Cotton

The Guatemalan Government on November 23 issued a decree lowering the minimum price on ginned cotton from certified seed from the former rate of ₰46.00 per quintal (101.43 pounds) to a new rate of ₰40.00. This rate apparently leaves cotton producers a good margin for profits and reduces somewhat the high price which local spinners must pay for the cotton they use. The Government is apparently having to strike a balance between its desire to aid cotton producers and its wish to promote textile manufacturing. The Guatemalan Government foresees an exportable surplus from the cotton crop now being harvested.

For the Ambassador:

William L. Krieg
Counselor of Embassy